

HEALTH ANNUAL STATEMENT

For the Year Ending December 31, 2001

OF THE CONDITION AND AFFAIRS OF THE

OmniCare Health Plan

NAIC Group Code	0000	,	0000	NAIC Company Code	95582	Employer's ID Number	38-2031377
	(Current Period)		(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America						
Licensed as business type:	Life, Accident & Health[ ]		Property/Casualty[ ]		Health Service Corporation[ ]		Dental Service Corporation[ ]
	Vision Service Corporation[ ]		Other[ ]		Health Maintenance Organization[X]		Is HMO Federally Qualified? Yes[X] No[ ]
Date Incorporated or Organized	09/23/1972			Date Commenced Business	12/23/1973		
Statutory Home Office	1155 Brewery Park, Suite 200			,	Detroit, MI 48207		
	(Street and Number)				(City, or Town, State and Zip Code)		
Main Administrative Office	1155 Brewery Park, Suite 200						
				(Street and Number)			
	Detroit, MI 48207					(313)393-4510 x	
	(City or Town, State and Zip Code)					(Area Code) (Telephone Number)	
Mail Address	1155 Brewery Park, Suite 200			,	Detroit, MI 48207		
	(Street and Number or P.O. Box)				(City, or Town, State and Zip Code)		
Primary Location of Books and Records	1155 Brewery Park, Suite 200						
				(Street and Number)			
	Detroit, MI 48207					(313)393-4510 x	
	(City, or Town, State and Zip Code)					(Area Code) (Telephone Number)	
Internet Website Address	WWW.ochp.com						
Statement Contact	Kenyata J. Rogers, Controller			(313)393-4510 x			
	(Name)			(Area Code)(Telephone Number)(Extension)			
	Krogers@ochp.com			(313)393-4743 x			
	(E-Mail Address)			(Fax Number)			

OFFICERS

Deputy Rehabilitator	Bobby L. Jones #
Deputy Rehabilitator	Beverly Allen #

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Frank M. Fitzgerald, Commissioner, OFIS #	Bruce R. Deschere, M.D., M.S.B.A. #
Tej Mattoo, M.D. #	Herman B. Gray, Jr. M.D. #

State of	Michigan
County of	Wayne ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Bobby Jones	Beverly Allen	
(Printed Name)	(Printed Name)	(Printed Name)
Deputy Rehabilitator	Deputy Rehabilitator	Treasurer
	a. Is this an original filing?	Yes[X] No[ ]
	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	
Subscribed and sworn to before me this		
day of		
, 2002		

(Notary Public Signature)



ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1.	Bonds .....	1,154,215		1,154,215	1,082,274
2.	Stocks: .....				
2.1	Preferred stocks .....				
2.2	Common stocks .....				
3.	Mortgage loans on real estate: .....				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A): .....				
4.1	Properties occupied by the company (less \$..... encumbrances) .....			(a).....	
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....24,667,632, Schedule E - Part 1) and short-term investments (\$.....51,770, Schedule DA - Part 2) .....	24,719,402		24,719,402	3,762,953
6.	Other long-term invested assets .....	398,949		398,949	357,767
7.	Receivable for securities .....				
8.	Aggregate write-ins for invested assets .....				
9.	Subtotals, cash and invested assets (Lines 1 to 8) .....	26,272,566		26,272,566	5,202,994
10.	Accident and health premiums due and unpaid .....	2,391,594		2,391,594	2,552,302
11.	Health care receivables .....	5,076,848		5,076,848	6,907,121
12.	Amounts recoverable from reinsurers .....				
13.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
14.	Investment income due and accrued .....	19,016		19,016	16,018
15.	Amounts due from parent, subsidiaries and affiliates .....	2,988,051		2,988,051	384,617
16.	Amounts receivable relating to uninsured accident and health plans .....				
17.	Furniture and equipment .....				
18.	Amounts due from agents .....				
19.	Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset) .....				
20.	Electronic data processing equipment and software .....				
21.	Other nonadmitted assets .....				
22.	Aggregate write-ins for other than invested assets .....	218,716		218,716	4,030,177
23.	Total assets (Lines 9 plus 10 through 22) .....	36,966,790		36,966,790	19,093,229
DETAILS OF WRITE-INS					
0801	.....				
0802	.....				
0803	.....				
0898.	Summary of remaining write-ins for Line 8 from overflow page .....				
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above) .....				
2201.	Reinsurance profit sharing receivable .....	156,775		156,775	207,464
2202.	Pharmacy rebate receivable .....				324,205
2203.	Due from State Medicaid program .....				3,254,458
2298.	Summary of remaining write-ins for Line 22 from overflow page .....	61,941		61,941	244,050
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above) .....	218,716		218,716	4,030,177

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	89,467,766	.....	89,467,766	20,765,001
2.	Accrued medical incentive pool and bonus payments .....	1,957,610	.....	1,957,610	.....
3.	Unpaid claims adjustment expenses .....	518,570	.....	518,570	.....
4.	Aggregate policy reserves .....	.....	.....	.....	.....
5.	Aggregate claim reserves .....	.....	.....	.....	.....
6.	Premiums received in advance .....	.....	.....	.....	.....
7.	General expenses due or accrued .....	.....	.....	.....	.....
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability) .....	.....	.....	.....	.....
9.	Amounts withheld or retained for account of others .....	.....	.....	.....	.....
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including\$..... current) .....	.....	.....	.....	.....
11.	Amounts due to parent, subsidiaries and affiliates .....	.....	.....	.....	4,742,015
12.	Payable to securities .....	.....	.....	.....	.....
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers .....	.....	.....	.....	.....
14.	Reinsurance in unauthorized companies .....	.....	.....	.....	.....
15.	Net adjustments in assets and liabilities due to foreign exchange rates .....	.....	.....	.....	.....
16.	Liability for amounts held under uninsured accident and health plans .....	.....	.....	.....	.....
17.	Aggregate write-ins for other liabilities (including \$..... current) .....	2,853,753	.....	2,853,753	1,802,787
18.	Total liabilities (Lines 1 to 17) .....	94,797,699	.....	94,797,699	27,309,803
19.	Common capital stock .....	X X X .....	X X X .....	.....	.....
20.	Preferred capital stock .....	X X X .....	X X X .....	.....	.....
21.	Gross paid in and contributed surplus .....	X X X .....	X X X .....	.....	.....
22.	Surplus notes .....	X X X .....	X X X .....	17,300,000	17,300,000
23.	Aggregate write-ins for other surplus funds .....	X X X .....	X X X .....	.....	.....
24.	Unassigned funds (surplus) .....	X X X .....	X X X .....	(75,130,908)	(25,516,575)
25.	Less treasury stock, at cost:	X X X .....	X X X .....	.....	.....
25.1	..... shares common (value included in Line 19 \$.....) .....	X X X .....	X X X .....	.....	.....
25.2	..... shares preferred (value included in Line 20 \$.....) .....	X X X .....	X X X .....	.....	.....
26.	Total capital and surplus (Lines 19 to 24 minus 25) .....	X X X .....	X X X .....	(57,830,908)	(8,216,575)
27.	Total liabilities, capital and surplus (Lines 18 and 26) .....	X X X .....	X X X .....	36,966,790	19,093,228
DETAILS OF WRITE-INS					
1701.	Accrued Liabilities- FEHBP .....	2,574,924	.....	2,574,924	1,779,000
1702.	Accrued Rehabilitation Expenses .....	90,000	.....	90,000	23,787
1703.	Other Liabilities .....	188,829	.....	188,829	.....
1798.	Summary of remaining write-ins for Line 17 from overflow page .....	.....	.....	.....	.....
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above) .....	2,853,753	.....	2,853,753	1,802,787
2301	.....	X X X .....	X X X .....	.....	.....
2302	.....	X X X .....	X X X .....	.....	.....
2303	.....	X X X .....	X X X .....	.....	.....
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X .....	X X X .....	.....	.....
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X .....	X X X .....	.....	.....

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	1,169,125	1,106,105
2.	Net premium income .....	X X X .....	192,769,588	170,747,167
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate Write-Ins for Other health care related revenues .....	X X X .....	197,505	1,944,120
7.	TOTAL REVENUES (Lines 2 to 6) .....	X X X .....	192,967,093	172,691,287
Medical and Hospital:				
8.	Hospital/medical benefits .....		163,823,059	108,259,777
9.	Other Professional Services .....		20,770,672	10,572,169
10.	Outside Referrals .....			
11.	Emergency Room and Out-of-Area .....		15,092,278	13,634,089
12.	Aggregate Write-Ins for Other Medical and Hospital .....		26,716,727	27,171,838
13.	Incentive Pool and Withhold Adjustments .....		(472,487)	
14.	Subtotal (Lines 8 to 13) .....		225,930,249	159,637,873
LESS:				
15.	Net Reinsurance Recoveries .....		(375,122)	(532,123)
16.	Total medical and Hospital (Lines 14 minus 15) .....		226,305,371	160,169,996
17.	Claims adjustment expenses .....		518,570	
18.	General administrative expenses .....		16,605,568	26,127,874
19.	Increase in reserves for accident and health contracts .....			
20.	Total underwriting deductions (Lines 16 through 19) .....		243,429,509	186,297,870
21.	Net underwriting gain or (Loss) (Lines 7 minus 20) .....	X X X .....	(50,462,416)	(13,606,583)
22.	Net investment income earned .....		497,294	590,629
23.	Net realized capital gains or (Losses) .....		1,281	26,094
24.	Net investment gains or (Losses) (Lines 22 plus 23) .....		498,575	616,723
25.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
26.	Aggregate write-ins for other income or expenses .....			
27.	Net income or (Loss) before federal income taxes (Lines 21 plus 24 plus 25 plus 26) .....		(49,963,841)	(12,989,860)
28.	Federal and foreign income taxes incurred .....	X X X .....		
29.	Net income (Loss) (Lines 27 minus 28) .....	X X X .....	(49,963,841)	(12,989,860)
DETAILS OF WRITE-INS				
0601.	FEHBP Revenue .....	X X X .....		1,944,120
0602.	Women, Infants and Children Program Revenue .....	X X X .....	197,505	
0603	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	197,505	1,944,120
1201.	Pharmacy Expense .....		26,716,727	27,171,838
1202	.....			
1203	.....			
1298.	Summary of remaining write-ins for Line 12 from overflow page .....			
1299.	TOTALS (Lines 1201 through 1203 plus 1298) (Line 12 above) .....		26,716,727	27,171,838
2601.	.....			
2602	.....			
2603	.....			
2698.	Summary of remaining write-ins for Line 26 from overflow page .....			
2699.	TOTALS (Lines 2601 through 2603 plus 2698) (Line 26 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
30.	Capital and surplus prior reporting year .....	(8,216,575)	(7,577,207)
GAINS AND LOSSES TO CAPITAL & SURPLUS			
31.	Net income or (Loss) from Line 29 .....	(49,963,841)	(12,989,860)
32.	Change in valuation basis of aggregate policy and claim reserves .....		
33.	Net unrealized capital gains and losses .....		
34.	Change in net unrealized foreign exchange capital gain or (Loss) .....		
35.	Change in net deferred income tax .....		
36.	Change in nonadmitted assets .....	349,508	(349,508)
37.	Change in unauthorized reinsurance .....		
38.	Change in treasury stock .....		
39.	Change in surplus notes .....		12,700,000
40.	Cumulative effect of changes in accounting principles .....		
41.	Capital Changes:		
41.1	Paid in .....		
41.2	Transferred from surplus (Stock Dividend) .....		
41.3	Transferred to surplus .....		
42.	Surplus adjustments:		
42.1	Paid in .....		
42.2	Transferred to capital (Stock Dividend) .....		
42.3	Transferred from capital .....		
43.	Dividends to stockholders .....		
44.	Aggregate write-ins for gains or (Losses) in surplus .....		
45.	Net change in capital and surplus (Lines 31 to 44) .....	(49,614,333)	(639,368)
46.	Capital and surplus end of reporting year (Line 30 plus 45) .....	(57,830,908)	(8,216,575)
DETAILS OF WRITE-INS			
4401	.....		
4402	.....		
4403	.....		
4498.	Summary of remaining write-ins for Line 44 from overflow page .....		
4499.	TOTALS (Lines 4401 through 4403 plus 4498) (Line 44 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance .....	194,241,149	
2.	Claims and claims adjustment expenses .....	155,126,422	
3.	General administrative expenses paid .....	22,696,098	
4.	Other underwriting income (expenses) .....	4,141,545	
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	20,560,174	
6.	Net investment income .....	387,449	
7.	Other income (expenses) .....	8,825	
8.	Federal and foreign income taxes (paid) recovered .....		
9.	Net cash from operations (Line 5 to 8) .....	20,956,448	
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1 ...	Bonds .....		
10.2 ...	Stocks .....		
10.3 ...	Mortgage loans .....		
10.4 ...	Real estate .....		
10.5 ...	Other invested assets .....		
10.6 ...	Net gains or (losses) on cash and short-term investments .....		
10.7 ...	Miscellaneous proceeds .....		
10.8 ...	TOTAL investment proceeds (Lines 10.1 to 10.7) .....		
11.	Cost of investments acquired (long-term only):		
11.1 ...	Bonds .....		
11.2 ...	Stocks .....		
11.3 ...	Mortgage loans .....		
11.4 ...	Real estate .....		
11.5 ...	Other invested assets .....		
11.6 ...	Miscellaneous applications .....		
11.7 ...	TOTAL investments acquired (Lines 11.1 to 11.6) .....		
12.	Net cash from investments (Line 10.8 minus Line 11.7) .....		
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1 ...	Surplus notes, capital and surplus paid in .....		
13.2 ...	Net transfers from affiliates .....		
13.3 ...	Borrowed funds received .....		
13.4 ...	Other cash provided .....		
13.5 ...	TOTAL (Lines 13.1 to 13.4) .....		
14.	Cash applied:		
14.1 ...	Dividends to stockholder paid .....		
14.2 ...	Net transfers to affiliates .....		
14.3 ...	Borrowed funds repaid .....		
14.4 ...	Other applications .....		
14.5 ...	TOTAL (Lines 14.1 to 14.4) .....		
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....		
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	20,956,448	
17.	Cash and short-term investments:		
17.1 ...	Beginning of year .....	3,762,953	3,762,953
17.2 ...	End of year (Line 16 plus Line 17.1) .....	24,719,401	3,762,953

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS  
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplemental	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1.	Net premium income .....	192,769,589	44,298,030					6,103,786		142,367,773				
2.	Change in unearned premium reserves and reserve for rate credit .....													
3.	Fee-for-service (net of \$..... medical expenses) .....													
4.	Risk revenue .....													
5.	Aggregate write-ins for other health care related revenues .....	197,505												197,505
6.	Total revenues (Lines 1 to 5) .....	192,967,094	44,298,030					6,103,786		142,367,773				197,505
7.	Medical/hospital benefits .....	163,823,059	47,672,778					5,697,070		110,453,211				
8.	Other professional services .....	20,770,672	4,528,130					2,392,876		13,849,666				
9.	Outside referrals .....													
10.	Emergency Room and Out-of-Area .....	15,092,278	4,951,531					741,111		9,399,636				
11.	Aggregate write-ins for other medical and hospital .....	26,716,727	6,201,217					970,492		19,545,018				
12.	Incentive pool and withhold adjustments .....	(472,487)	(141,746)							(330,741)				
13.	Subtotal (Lines 7 to 12) .....	225,930,249	63,211,910					9,801,549		152,916,790				
14.	Net Reinsurance Recoveries .....	(375,122)	(154,868)					(25,195)		(195,059)				
15.	Total medical and hospital (Lines 13 minus 14) .....	226,305,371	63,366,778					9,826,744		153,111,849				
16.	Claims adjustment expenses .....	518,570	176,450					48,781		293,339				
17.	General administrative expenses .....	16,605,568	4,517,319					610,379		11,477,870				
18.	Increase in reserves for accident and health contracts .....													
19.	Total underwriting deductions (Lines 15 to 18) .....	243,429,509	68,060,547					10,485,904		164,883,058				
20.	Net underwriting gain or (Loss) (Line 6 minus Line 19) .....	(50,462,415)	(23,762,517)					(4,382,118)		(22,515,285)				197,505
DETAILS OF WRITE-INS														
0501.	W I C Revenue .....	197,505												197,505
0502	.....													
0503	.....													
0598.	Summary of remaining write-ins for Line 5 from overflow page .....													
0599.	TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	197,505												197,505
1101.	Pharmacy .....	26,716,727	6,201,217					970,492		19,545,018				
1102	.....													
1103	.....													
1198.	Summary of remaining write-ins for Line 11 from overflow page .....													
1199.	TOTAL (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	26,716,727	6,201,217					970,492		19,545,018				



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (medical and hospital) .....	44,298,030	.....	154,868	44,143,162
2.	Medicare Supplemental .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan				
	Premiums .....	6,103,786	.....	25,195	6,078,591
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	142,367,773	.....	195,059	142,172,714
8.	Other .....	.....	.....	.....	.....
9.	TOTALS .....	192,769,589	.....	375,122	192,394,467

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	155,126,424	43,390,754				4,242,966		107,492,704	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	155,126,424	43,390,754				4,242,966		107,492,704	
2. Paid medical incentive pools and bonuses									
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	89,467,767	26,107,675				6,349,274		57,010,818	
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	89,467,767	26,107,675				6,349,274		57,010,818	
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year	1,957,610	443,020				80,547		1,434,043	
6. Amounts recoverable from reinsurers December 31, current year									
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	20,765,000	6,751,122				894,824		13,119,054	
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	20,765,000	6,751,122				894,824		13,119,054	
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year									
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	223,829,191	62,747,307				9,697,416		151,384,468	
11.2 Reinsurance assumed									
11.3 Reinsurance ceded									
11.4 Net	223,829,191	62,747,307				9,697,416		151,384,468	
12. Incurred medical incentive pools and bonuses	1,957,610	443,020				80,547		1,434,043	

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Reported in Process of Adjustment:									
	1.1 Direct .....	62,891,554	17,034,665				3,959,002		41,897,888	
	1.2 Reinsurance assumed .....									
	1.3 Reinsurance ceded .....									
	1.4 Net .....	62,891,554	17,034,665				3,959,002		41,897,888	
2.	Incurred but Unreported:									
	2.1 Direct .....	26,576,212	9,073,010				2,390,272		15,112,930	
	2.2 Reinsurance assumed .....									
	2.3 Reinsurance ceded .....									
	2.4 Net .....	26,576,212	9,073,010				2,390,272		15,112,930	
3.	Amounts Withheld from Paid Claims and Capitations:									
	3.1 Direct .....									
	3.2 Reinsurance assumed .....									
	3.3 Reinsurance ceded .....									
	3.4 Net .....									
4.	TOTALS									
	4.1 Direct .....	89,467,766	26,107,675				6,349,274		57,010,818	
	4.2 Reinsurance assumed .....									
	4.3 Reinsurance ceded .....									
	4.4 Net .....	89,467,766	26,107,675				6,349,274		57,010,818	

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred Durring the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1.	Comprehensive (medical and hospital) .....	13,974,226	29,416,526	2,739,098	23,368,577	16,713,324	6,751,122
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan Premiums .....	1,758,926	2,484,040	558,948	5,790,326	2,317,874	894,824
6.	Title XVIII - Medicare .....						
7.	Title XIX - Medicaid .....	29,594,316	77,898,388	7,825,909	49,184,909	37,420,225	13,119,054
8.	Other .....						
9.	Subtotals .....	45,327,468	109,798,954	11,123,955	78,343,812	56,451,423	20,765,000
10.	Medical incentive pools, accrual and disbursements .....				1,957,610		
11.	TOTALS .....	45,327,468	109,798,954	11,123,955	80,301,422	56,451,423	20,765,000

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF INCURRED CLAIMS  
(000 Omitted)

Hospital and Medical

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	5,569,391	987,867		91,392	27,778
2.	1997 .....	91,775,562	18,547,876	1,260,433	171,384	55,545
3.	1998 .....	X X X	68,519,725	22,908,201	2,122,075	254,025
4.	1999 .....	X X X	X X X	47,290,623	12,759,153	2,075,928
5.	2000 .....	X X X	X X X	X X X	43,145,018	11,560,950
6.	2001 .....	X X X	X X X	X X X	X X X	29,416,526

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	6,676,428	1,107,037	119,170	119,170	27,778
2.	1997 .....	111,810,800	20,035,238	1,487,362	226,929	55,545
3.	1998 .....	X X X	93,804,026	25,284,301	2,376,100	254,025
4.	1999 .....	X X X	X X X	62,125,704	14,835,081	2,075,928
5.	2000 .....	X X X	X X X	X X X	55,506,284	14,300,048
6.	2001 .....	X X X	X X X	X X X	X X X	52,785,103

12.1 Underwriting Invest Exh Pt 2C Sn A - Claims Incur. . . . . NONE

12.1 Underwriting Invest Exh Pt 2C Sn B - Claims Incur. . . . . NONE

12.2 Underwriting Invest Exh Pt 2C Sn A - Claims Incur. . . . . NONE

12.2 Underwriting Invest Exh Pt 2C Sn B - Claims Incur. . . . . NONE

12.3 Underwriting Invest Exh Pt 2C Sn A - Claims Incur. . . . . NONE

12.3 Underwriting Invest Exh Pt 2C Sn B - Claims Incur. . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF INCURRED CLAIMS  
(000 Omitted)

Federal Employees Health Benefits Plan Premiums

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	1,430,971	26,417	19,294	2,537	78
2.	1997 .....	1,489,378	1,267,999	77,176	8,362	731
3.	1998 .....	X X X	1,347,249	848,936	91,501	3,256
4.	1999 .....	X X X	X X X	983,994	1,111,363	82,550
5.	2000 .....	X X X	X X X	X X X	9,547,327	1,672,311
6.	2001 .....	X X X	X X X	X X X	X X X	2,484,040

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	1,479,297	48,326	21,909	2,615	78
2.	1997 .....	2,843,646	1,354,268	86,270	9,093	731
3.	1998 .....	X X X	2,290,942	943,693	94,757	3,256
4.	1999 .....	X X X	X X X	2,177,907	1,193,913	82,550
5.	2000 .....	X X X	X X X	X X X	10,471,126	2,231,259
6.	2001 .....	X X X	X X X	X X X	X X X	8,274,366

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF INCURRED CLAIMS  
(000 Omitted)

Title XVIII - Medicare

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	NONE				
2.	1997 .....					
3.	1998 .....					
4.	1999 .....		X X .....			
5.	2000 .....		X X .....	X X X .....		
6.	2001 .....		X X X .....	X X X .....	X X X .....	

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	NONE				
2.	1997 .....					
3.	1998 .....					
4.	1999 .....		X X .....			
5.	2000 .....		X X .....	X X X .....		
6.	2001 .....		X X X .....	X X X .....	X X X .....	



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF INCURRED CLAIMS  
(000 Omitted)

Title XIX - Medicaid

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	4,976,657	651,323		39,219	4,276
2.	1997 .....	92,571,705	13,108,158	703,591	195,529	37,312
3.	1998 .....	X X X	63,224,541	18,707,689	1,705,969	138,081
4.	1999 .....	X X X	X X X	56,117,885	16,851,552	1,416,263
5.	2000 .....	X X X	X X X	X X X	75,858,385	27,998,384
6.	2001 .....	X X X	X X X	X X X	X X X	77,898,388

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	5,671,475	694,818	43,495	43,495	4,276
2.	1997 .....	14,137,272	14,044,590	936,432	232,841	37,312
3.	1998 .....	X X X	83,776,280	20,551,739	1,844,050	138,081
4.	1999 .....	X X X	X X X	74,385,700	18,267,815	1,416,263
5.	2000 .....	X X X	X X X	X X X	106,302,585	35,824,293
6.	2001 .....	X X X	X X X	X X X	X X X	127,083,297

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF INCURRED CLAIMS  
(000 Omitted)

Other

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	NONE				
2.	1997 .....					
3.	1998 .....					
4.	1999 .....		X X .....			
5.	2000 .....		X X .....	X X X .....		
6.	2001 .....	X X X .....	X X X .....	X X X .....	X X X .....	

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	NONE				
2.	1997 .....					
3.	1998 .....					
4.	1999 .....		X X .....			
5.	2000 .....		X X .....	X X X .....		
6.	2001 .....	X X X .....	X X X .....	X X X .....	X X X .....	

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF INCURRED CLAIMS  
(000 Omitted)

Grand Total

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	11,977,019	1,665,607	19,294	133,148	32,132
2.	1997 .....	185,836,645	32,924,033	2,041,200	375,275	93,588
3.	1998 .....	X X X	133,091,515	42,464,826	3,919,545	395,362
4.	1999 .....	X X X	X X X	104,392,502	30,722,068	3,574,741
5.	2000 .....	X X X	X X X	X X X	128,550,730	41,231,645
6.	2001 .....	X X X	X X X	X X X	X X X	109,798,954

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	13,827,200	1,850,181	184,574	165,280	32,132
2.	1997 .....	128,791,718	35,434,096	2,510,064	468,863	93,588
3.	1998 .....	X X X	179,871,248	46,779,733	4,314,907	395,362
4.	1999 .....	X X X	X X X	138,689,311	34,296,809	3,574,741
5.	2000 .....	X X X	X X X	X X X	172,279,995	52,355,600
6.	2001 .....	X X X	X X X	X X X	X X X	188,142,766

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
	POLICY RESERVE								
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income .....									
5. Aggregate write-ins for other policy reserves .....									
6. Totals (gross) .....									
7. Reinsurance ceded .....									
8. Totals (Net) (Page 3, Line 4) .....									
	CLAIM RESERVE								
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. Totals (gross) .....									
13. Reinsurance ceded .....									
14. Totals (Net) (Page 3, Line 5) .....									
DETAILS OF WRITE-INS									
0501 .....									
0502 .....									
0503 .....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....									
0599. Totals (Lines 0501 through 0503 plus 0598)(Line 5 above) .....									
1101 .....									
1102 .....									
1103 .....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....									
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above) .....									

(a) Includes \$..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building) .....				
2. Salaries, wages and other benefits .....				
3. Commissions (less \$..... ceded plus \$..... assumed) ...				
4. Legal fees and expenses .....				
5. Certifications and accreditation fees .....				
6. Auditing, actuarial and other consulting services .....				
7. Traveling expenses .....				
8. Marketing and advertising .....				
9. Postage, express and telephone .....				
10. Printing and office supplies .....				
11. Occupancy, depreciation and amortization .....				
12. Equipment .....				
13. Cost or depreciation of EDP equipment and software .....				
14. Outsourced services including EDP, claims, and other services .....				
15. Boards, bureaus and association fees .....		83,020		83,020
16. Insurance, except on real estate .....				
17. Collection and bank service charges .....		54,018		54,018
18. Group service and administration fees .....				
19. Reimbursements by uninsured accident and health plans .....				
20. Reimbursements from fiscal intermediaries .....				
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes .....				
23.2 State premium taxes .....				
23.3 Regulator authority licenses and fees .....		26,377		26,377
23.4 Payroll taxes .....				
23.5 Other (excluding federal income and real estate taxes) .....				
24. Investment expenses not included elsewhere .....				
25. Aggregate write-ins for expenses .....	518,570	16,442,154		16,960,724
26. Total expenses incurred (Lines 1 to 25) .....	518,570	16,605,568		(a) 17,124,138
27. Add expenses unpaid December 31, prior year .....				
28. Less expenses unpaid December 31, current year .....	518,570			518,570
29. Amounts receivable relating to uninsured accident and health plans, prior year .....				
30. Amounts receivable relating to uninsured accident and health plans, current year .....				
31. Total expenses paid (Lines 26 plus 27 minus 28 plus 29 minus 30) .		16,605,568		16,605,568
DETAILS OF WRITE-INS				
2501. Management Fees .....		16,166,736		16,166,736
2502. Rehabilitation Expense .....		275,358		275,358
2503. Other Admin. Expense .....		60		60
2598. Summary of remaining write-ins for Line 25 from overflow page .....	518,570			518,570
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....	518,570	16,442,154		16,960,724

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 4 - INTEREST, DIVIDENDS AND REAL ESTATE INCOME

		1 Collected During Year	Current Year			5 Prior Year Due and Accrued and Unearned	6 Earned During Year (Cols.1 - 2 + 3 + 4 - 5)
			2  Unearned	3  Due and Accrued (g)	4  Foreign Exchange Adjustment		
1.	Government bonds .....	D(a) ..	54,207	18,971		16,018	57,160
1.1	Other bonds (unaffiliated) .....	D(a) ..					
1.2	Bonds of affiliates .....	D(a) ..					
2.1	Preferred stocks (unaffiliated) .....	D(b) ..					
2.11	Preferred stocks of affiliates .....	D(b) ..					
2.2	Common stocks (unaffiliated) .....	D ..					
2.21	Common stocks of affiliates .....	D ..					
3.	Mortgage loans .....	B(c) ..					
4.	Real estate .....	A(d) ..					
5.1	Cash on hand and on deposit .....		386,277				386,277
5.2	Short-term investments .....	DA(e) .	1,612	45			1,657
6.	Other invested assets .....	BA ..	52,200				52,200
7.	Derivative instruments .....	DB(f) ..					
8.	Aggregate write-ins for investment income .....						
9.	TOTALS .....		494,296	19,016		16,018	497,294
DEDUCTIONS							
10.	Total investment expenses incurred (Part 3, Line 26, Col. 3) .....						
11.	Interest expense .....				(h).....		
12.	Depreciation on real estate .....						
13.	Aggregate write-ins for other teductions .....						
14.	Total teductions (Lines 10 to 13) .....						
15.	Net investment income earned (Line 9 minus Line 14)(to Page 4, Line 22) .....						497,294
DETAILS OF WRITE-INS							
0801	.....	.. X X X .					
0802	.....	.. X X X .					
0803	.....	.. X X X .					
0898.	Summary of remaining write-ins for Line 8 from overflow page .....	.. X X X .					
0899.	Totals (Lines 0801 through 0803 plus 0898)(Part 4, Line 8) .....	.. X X X .					
1301	.....						
1302	.....						
1303	.....						
1398.	Summary of remaining write-ins for Line 13 from overflow page .....						
1399.	Totals (Lines 1301 through 1303 plus 1398)(Part 4, Line 13) .....						
(a) Includes \$..... accrual of discount less \$..... amortization of premium.				(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium.				(g) Admitted items only. State basis of exclusions for corporation's occupancy of its own buildings:			
(c) Includes \$..... accrual of discount less \$..... amortization of premium.				(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(d) Includes \$..... for corporation's occupancy of its own buildings.							
(e) Includes \$..... accrual of discount less \$..... amortization of premium.							

PART 4A - CAPITAL GAINS AND (LOSSES) ON INVESTMENTS

		1	2	3	4	5	6	7
		Realized Profit (Loss) on Sale or Maturity	Realized Foreign Exchange Profit (Loss) on Sale or Maturity	Other Realized Adjustment	Increase (Decrease) by Adjustments	Unrealized Foreign Exchange Gain (Loss)	Net Gain (Loss) from Change in Difference Between Book/ Adjusted Carrying and Admitted Values	Total (Sum of Columns 1 to 6)
1.	Government bonds .....	1,281						1,281
1.1	Other bonds (unaffiliated) .....							
1.2	Bonds of affiliates .....							
2.1	Preferred stocks (unaffiliated) .....							
2.11	Preferred stocks of affiliates .....							
2.2	Common stocks (unaffiliated) .....							
2.21	Common stocks of affiliates .....							
3.	Mortgage loans .....							
4.	Real estate .....				(a).....			
5.1	Cash on hand and on deposit .....							
5.2	Short-term investments .....							
6.	Other invested assets .....							
7.	Derivative instruments .....							
8.	Aggregate write-ins for capital gains and (losses) .....							
9.	TOTALS .....	1,281						1,281
(Distribution of Line 9, Col.7)								
10.	Net realized capital gains or (losses) (Page 4, Line 23)(Line 9, Col. 1 + 2 + 3) .....							1,281
11.	Net unrealized capital gains or (losses) .....							
DETAILS OF WRITE-INS								
0801	.....							
0802	.....							
0803	.....							
0898.	Summary of remaining write-ins for Line 8 from overflow page .....							
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Part 4A, Line 8) .....							

(a) Excluding \$..... depreciation on real estate included in Part 4, Line 12.

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

		1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 10 to 16 and 19 to 20, Column 2 .....	.....	349,509	349,509
2.	Other Nonadmitted Assets:			
2.1	Furniture and Equipment .....	.....	.....	.....
2.2	Leasehold improvements .....	.....	.....	.....
2.3	Amounts due from agents .....	.....	.....	.....
3.	TOTAL (Lines 2.1 to 2.3) .....	.....	.....	.....
4.	Loans on company stock .....	.....	.....	.....
5.	Aggregate write-ins for other than invested assets .....	.....	.....	.....
6.	TOTAL (Line 1 plus 3 through 5) .....	.....	349,509	349,509
DETAILS OF WRITE-INS				
0501	.....	.....	.....	.....
0502	.....	.....	.....	.....
0503	.....	.....	.....	.....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....	.....	.....	.....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	.....	.....	.....

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	95,210	93,007	90,596	95,059	90,652	1,120,726
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....	5,274	4,515	4,145	3,846	3,566	48,399
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	Total .....	100,484	97,522	94,741	98,905	94,218	1,169,125
DETAILS OF WRITE-INS							
0601	.....						
0602	.....						
0603	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	Totals (Lines 0601 through 0603 plus 0698)(Line 6 above) .....						



# Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Plan have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual.

B. Use of Estimates

The presentation of the Financial Statements in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policies

(1) Cash and Cash Equivalents

Short-term investments with a maturity of three months or less at the time of purchase are reported as cash equivalents.

(2) Short-term Investments

Short-term investments consist of investments in debt securities with maturity dates of one year or less at the purchase date. Such investments are carried at cost less any valuation allowances and non-admitted amounts.

(3) Restricted Investments – Statutory Reserves

Amounts reserved pursuant to State of Michigan requirements are stated at cost less any valuation allowances and non-admitted amounts and consist of \$1,000,000 of U. S. Government obligations. These amounts represent a contingency fund under an agreement with the Office of Financial and Insurance Services (OFIS), Commissioner of the State of Michigan.

(4) Investments in Joint Venture and Subsidiary

Investments in joint venture and subsidiary are accounted for under the equity method.

(5) Medical Claims Payable

Medical claims payable include the cost of services for which providers have submitted claims, as well as management's estimate of the cost of claims that have been incurred but not reported (IBNR). The cost of claims that have been incurred but not reported has been estimated by management based on relevant industry data and historical trends. Management believes that methodologies employed to estimate the claim liability are reasonable and the claim liability recorded is appropriate. Adjustments to the medical claims payable are reflected in the statements of operations in the period in which such adjustments become known to management.

(6) Medical Services Expense

The Plan contracts with various health care providers for the provision of certain medical services to its members and generally compensates those providers on a capitated and fee-for-service basis.

(7) Premium Revenue

Membership contracts are negotiated on a yearly basis, subject to cancellation by the employer group or the Plan upon 30 days' written notice. Premiums are due monthly and are recognized as revenue during the period in which the Plan is obligated to provide services to members. Amounts collected in advance of the due date are recorded as a deferred premium revenue liability.

2. Accounting Changes and Corrections of Errors

During 2001, the Plan realized that the prior year estimate of incurred but not reported liabilities of \$20,765,000, reported on Line 2 on the liabilities and net worth page was understated by approximately \$35,200,000. The impact of this understatement is included in Lines 8 to 12 on the Statement of Revenue, Expenses and Net Worth in the current year.

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

Notes to Financial Statement

None

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Plan has a 60% interest in a joint venture with Blue Cross Blue Shield of Michigan, CasinoCare, LLC, which is accounted for under the equity method. The Plan offers its HMO product to employees of local casinos through this joint venture. The Plan does not have the capability to exert control over this joint venture entity, and further, the Plan's 60% ownership interest in this joint venture is temporary and will vary based on the membership levels of each partner.

The following is a summary of the joint ventures' assets, liabilities and results of operations at, and for the year ended December 31, 2001.

TOTAL ASSETS	TOTAL LIABILITIES	NET INCOME
\$1,491,334	\$816,301	\$68,188

- B. The Plan did not recognize any impairment write down for its investment in joint venture during the statement period.

7. Investment Income

The Plan has not excluded any investment income due and accrued from surplus.

8. Derivative Instruments

None

9. Income Taxes

The Internal Revenue Service has ruled that the Plan qualifies as a tax-exempt entity under section 501(c)(4) of the Internal Revenue Code (IRC). Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. Plan management is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Plan has a management agreement with United American Healthcare Corporation (UAHC), effective through December 2005, whereby UAHC supervises and manages the operations of the Plan. The Plan has the option to renew the agreement for a succeeding five-year period through the year 2010 at mutually satisfactory terms. Effective August 1, 2001, the management agreement was amended whereby the Plan pays to UAHC actual administrative costs to manage the Plan plus 4%. Through July 31, 2001, management fee expense was computed as 14% of earned revenue. For the year ended December 31, 2001 and 2000, management fee expense aggregated \$16,166,736 and \$22,545,251, respectively under this agreement. At December 31, 2001, the Plan reported \$2,721,686 as due from UAHC. \$4,721,686 of the amount owed is a result of overpayment of management fees during 2000 and 2001, and is offset by an advanced payment received by the Plan of \$2,000,000 in 1999.

In addition, UAHC is an employer group, which offers the Plan's healthcare coverage to its employees. For the years ending December 31, 2001 and 2000, premium revenue earned from UAHC and its employees was approximately \$912,000 and \$778,000, respectively.

During 2000 and through July 30, 2001, certain members of the Plan's board of trustees provide services to the Plan at fair value, which totaled approximately \$83,000 and \$101,000 for the years ending December 31, 2001 and 2000, respectively.

- B. The Plan is 100% owner of the outstanding common shares of its subsidiary, OmniCare TPA, Inc. During 2001, start-up and operational costs for OmniCare TPA, Inc. were paid by the Plan on behalf of OmniCare TPA, Inc. The amount paid of \$63,546 is included in amounts due from parent, subsidiaries and affiliates on the Statement of Assets.

11. Debt

None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefits Plans

None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

The following surplus notes are outstanding at December 31, 2001 (in thousands):

United American Healthcare Corporation, June 30, 1998	\$	4,600
United American Healthcare Corporation, April 13, 2000		7,700
Detroit Medical Center (DMC), November 29, 2000		<u>5,000</u>
	\$	17,300

Notes to Financial Statement

On April 13, 2000, and June 30, 1998, UAHC funded unsecured loans to the Plan, evidenced by surplus notes of \$7,700,000 and \$4,600,000, respectively, to enable the Plan to meet its statutory net worth and working capital requirements at that time. Interest is at 8.5% and prime rate, respectively, and payments, if any, are subject to approval by the OFIS Commissioner. The \$7,700,000 surplus note consisted of conversion of \$3,700,000 of accrued and unpaid management fees and \$4,000,000 cash to the Plan. The \$4,600,000 million note consisted of only cash.

In November 2000, the Plan converted medical claims payable owed to the DMC to a surplus note in the amount of \$5,000,000. Interest is at 8.5%, and payments, if any, are subject to approval by the OFIS Commissioner. Under the terms of the surplus notes, interest and principal payments are subject to approval by the OFIS Commissioner and shall be repaid only out of the statutory surplus earnings of the Plan. The Plan has incurred no interest expense on these surplus notes since inception. The principal on the notes have no stated maturity or repayment date. The surplus notes are subordinated to all other claimants of the Plan.

14. Contingencies

In April 1995, the Plan received a draft audit report from the United States Office of Personnel Management (OPM) as a result of their audit of the Plan performed for the Federal Employees Health Benefit Plan (FEHBP) for the years 1988-1992. In this draft report, the OPM asserted that the Plan owed a refund to the FEHBP for certain over-payments for those years. During 2000, it was determined that the OPM also owed the Plan amounts due as a result of a rate reconciliation performed in 2000. On April 24, 2001, the two parties settled the above issues, resulting in the Plan owing the OPM \$1,829,825 for the years 1988-1992, and the OPM owing the Plan \$1,486,063 for the 2000 rate reconciliation. The resulting net Plan liability of \$343,762 is included in aggregate write-ins for current liabilities on the Statement of Liabilities and Net Worth at December 31, 2000 and in accordance with the settlement was to be offset against amounts due the Plan resulting from the 2001 rate reconciliation. In August 2001, the OPM 2001 rate reconciliation resulted in OPM owing the Plan \$112,206. This amount was applied to the \$343,762 settlement, resulting in \$231,556 owed to OPM by the Plan. The Plan's liability is included in aggregate write-ins for current liabilities on the Statement of Liabilities and Net Worth at December 31, 2001. In January 2002, the Plan received a draft audit report from OPM as a result of their audit of the Plan performed for the FEHBP for the years 1996-2000. In this draft report, the OPM asserted that the Plan owed \$3,638,184 refund to the FEHBP for overpayments and lost investment income for those years. The Plan followed up the draft report with correspondence disputing some of the items identified in OPM's draft report. The Plan and OPM are currently in negotiations regarding the final results of the OPM audit. The Plan has recorded a contingent liability of \$2,343,368, the amount which the Plan asserts is their liability, which is included in aggregate write-ins for current liabilities on the Statement of Liabilities and Net Worth at December 31, 2001.

15. Leases

None

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans

None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Name and Address of TPA	UAHC 1155 Brewery Park Blvd. Suite 200 Detroit, MI 48207
FEIN Number	38-2526913
Exclusive Contract	Yes
Types of Business Written	Commercial, HMO and POS
Type of Authority Granted	C, CA, R, B, P, U
Total Direct Premiums Written By	\$50,096,346

- C - Claims Payment
- CA - Claims Adjustment
- R - Reinsurance Ceding
- B - Binding Authority
- P - Premium Collection
- U - Underwriting

20. Other Items

A. Health Care Receivables – Pharmaceutical Rebate Receivables

Actual Actual

Notes to Financial Statement

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Rebates Collected Within 90 Days of Invoicing/ Confirmation	Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation
12/31/2001	\$646,861	\$300,583	\$ 583	\$ -
09/30/2001	631,962	300,000	-	315,347
06/30/2001	626,733	973,420	629,944	336,840
03/30/2001	117,487	-	-	-
12/31/2000	324,205	324,205	314,952	-
09/30/2000	259,062	16,968	16,968	-
06/30/2000	276,030	35,046	35,046	-
03/31/2000	311,076	148,559	148,559	-
12/31/1999	363,000	119,089	119,089	-
09/30/1999	-	149,584	149,584	-
06/30/1999	-	188,566	188,566	-
03/31/1999	-	105,002	105,002	-

B. Health Care Receivables – Risk Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated and Reported In the Current Year	Risk Sharing Receivable Invoiced/ Confirmed	Risk Sharing Receivable Not/Invoiced Confirmed	Actual Risk Sharing Amounts Collected in The Year Invoiced/ Confirmed
2001	2001	\$ -	\$108,281	\$ -	\$108,281
2000	2000	\$ 108,281	\$436,776	\$799,126	\$436,776
1999	1999	\$1,235,902	\$ -	\$ -	\$ -

21. Events Subsequent

In March 2002, the Rehabilitator for the Plan filed a proposed Rehabilitation Plan with the Ingham County Circuit Court of Michigan. The Plan is subject to approval by the Ingham County Circuit Court judge. If approved, the proposed Rehabilitation Plan will be a final determination of the Plan's liabilities to its creditors at July 31, 2001 and will discharge the Plan's liability for all creditor claims, except as provided for in the Rehabilitation Plan approved by the Court.

22. Reinsurance

Effective April 1, 2000, the Plan has an agreement with an insurance company to provide reinsurance for subscribers' inpatient hospital services claims. After a deductible of \$200,000 is reached, coverage under this agreement ranges between 80% and 90% of net loss in excess of the Plan's deductible. The maximum annual reinsurance coverage for each member is \$2,000,000. The Plan pays a premium ranging from \$0.34 to \$0.39 per member per month for this coverage. During 2001, the Plan did not recover any costs eligible for reinsurance.

Reinsurance premiums are reported as medical service expense, while related reinsurance recoveries are reported as deductions from medical service expense.

23. Retrospectively Rated Contracts

None

24. Organization and Operation

- A. OmniCare Health Plan (the Plan) is a federally qualified, not for profit health maintenance organization. The Plan was incorporated in the State of Michigan in September 1972 and was granted an HMO license in April 1978. As of December 31, 2001, the Plan was providing health care services to approximately 95,300 covered members (100,700 at December 31, 2000), primarily in Southeastern Michigan. The provider network for the Plan consists of 42 hospitals, 100 primary care locations, 2,300 physicians and over 55,000 pharmacy locations. In September 2000, the Plan formally changed its name from Michigan HMO Plans, Inc. to OmniCare Health Plan.

The Plan offers its HMO healthcare coverage to individuals through employer groups, and through its contract with the State of Michigan's Medicaid program. The Plan has a contract with the Michigan Department of community Health to provide health care services to Medicaid enrollees. This contract accounted for 74% of the Plan's total revenues in 2001. Further, the Plan offers a point-of-service product, which allows its members the choice of using either "in-network" healthcare providers or "out-of-network" providers to fulfill health care needs. When using "in-network" providers, a

## Notes to Financial Statement

member receives health care services at little or no out-of-pocket cost. A member shares in the cost of the health care provided "out-of-network".

- B.** On July 31, 2001, the Ingham County Circuit Court of the State of Michigan granted a petition issued by the Commissioner of the Office of Financial and Insurance Services to place the Plan into rehabilitation. Rehabilitation allowed the Commissioner, as Rehabilitator, to take possession of all assets of the Plan, and place the Plan under his control.
- The Order of Rehabilitation suspended all powers of existing directors, officers, and managers of the Plan. The Order also required that UAHC continue to provide management and administrative services which it is obligated under the then existing contract, or any contract amendments with the Plan.
- C.** The Plan contracts with individuals, independent professional association and physician groups to provide medical services to its members. The Plan pays capitation or contracted fees for services provided. Under the capitated arrangements, 10% of the capitated amounts due the physicians are withheld, and a referral pool fund is maintained. With minimal exception, 100% of the claims processed resulting from the physician's referral are charged against the referral pool fund. If a physician's referral activity results in medical expenses exceeding the value of the referral pool fund, the amounts withheld from capitation will be used to offset the deficit, with any remaining deficits being the sole liability of the Plan. As an incentive to limit the physician's referral activity, those physicians who's referral pool funds exceed medical expenses receive 100% of their withhold as well as a bonus not to exceed 50% of the withhold.

Effective August 2001, the Plan entered into an agreement with the DMC whereby the DMC assumes full risk for the inpatient, outpatient and emergency room costs for specified Medicaid and commercial HMO members. Under this agreement, the DMC receives \$60 per member per month for approximately 47,000 or 49% of the Plan's membership. 15% of the DMC's capitation is withheld to pay inpatient, outpatient and emergency room costs for the capitated membership at hospitals other than those belonging to the DMC network.

**25. Salvage and Subrogation**

None

**26. Change in Incurred Claims and Claim Adjustment Expenses**

None

**27. Minimum Net Worth**

Under the laws of the State of Michigan, effective June 2000, HMOs are required to maintain a minimum net worth equal to the greater of \$1,5000,000, 4% of subscription revenue or 3 months uncovered expenditures. HMOs have until December 31, 2003 to comply with this requirement, however, if at any time one of the higher levels of net worth is achieved prior to December 31, 2003, that level of net worth must continue to be maintained. While under Rehabilitation, the Plan is exempt from the net worth requirements.

Under the laws of the State of Michigan, the Plan is required to provide a minimum contingency reserve of \$1,000,000.

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....	653,770	2.488	653,770	2.488
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....	330,564	1.258	330,564	1.258
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA .....				
1.512	Issued by FNMA and FHLMC .....	169,881	0.647	169,881	0.647
1.513	Privately issued .....				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC .....				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....				
1.523	All other privately issued .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt) .....				
6.	Policy loans .....				
7.	Receivables for securities .....				
8.	Cash and short-term investments .....	24,719,402	94.088	24,719,402	94.088
9.	Other invested assets .....	398,950	1.519	398,950	1.519
10.	Total invested assets .....	26,272,567	100.000	26,272,566	100.000

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[ ] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principle insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[ ] No[X] N/A[ ]  
..... Michigan.....
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/1995.....
- 3.2 State as of what date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/1995.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....12/31/1996.....
- 3.4 By what department or departments?  
Michigan Insurance Bureau
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....	.....	.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

..... %
- 7.22 State the nationality(s) of the foreign person(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
.....	.....

GENERAL INTERROGATORIES (continued)

8. What interest, direct or indirect, has this reporting entity in the capital stock of any other insurance company?  
None
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG, LLP, 150 W.Jefferson, Suite 1200, Detroit, MI 48226
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
KPMG, LLP, 303 East Wacher Drive, Chicago, Ill 60601
11. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[ ] No[X]
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

N/A[ ]
13. Have the instructions for completing the blank required by this department been followed in every detail?

Yes[X] No[ ]

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committees thereof?

Yes[X] No[ ]
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]
16. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?

Yes[ ] No[X]
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

FINANCIAL

- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers

\$ .....
- 18.12 To stockholders not officers

\$ .....
- 18.13 Trustees, supreme or grand (Fraternal only)

\$ .....
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers

\$ .....
- 18.22 To stockholders not officers

\$ .....
- 18.23 Trustees, supreme or grand (Fraternal only)

\$ .....
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others

\$ .....
- 19.22 Borrowed from others

\$ .....
- 19.23 Leased from others

\$ .....
- 19.24 Other

\$ .....
- Disclose in Notes to Financial the nature of each obligation.
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment

\$ .....
- 20.22 Amount paid as expenses

\$ .....
- 20.23 Other amounts paid

\$ .....



GENERAL INTERROGATORIES (continued)  
INVESTMENT

21.1 List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred .....	.....	.....	.....	.....	.... Yes[ ] No[X] ....	.... Yes[ ] No[X] ....
2. Common .....	.....	.....	.....	..... X X X .....	..... X X X .....	..... X X X .....

22.1 Were all the stocks, bonds and other securities owned December 31 current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[X] No[ ]

22.2 If no, give full and complete information, relating thereto:

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 23.2) Yes[ ] No[X]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Loaned to others

23.22 Subject to repurchase agreements

23.23 Subject to reverse repurchase agreements

23.24 Subject to dollar repurchase agreements

23.25 Subject to reverse dollar repurchase agreements

23.26 Pledged as collateral

23.27 Placed under option agreements

23.28 Letter stock or securities restricted as to sale

23.29 Other

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

23.3 For each category above, if any of these assets are held by other, identify by whom held:

23.31

23.32

23.33

23.34

23.35

23.36

23.37

23.38

23.39

For categories (23.21) and (23.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

23.4 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year \$ .....

GENERAL INTERROGATORIES (continued)  
OTHER

26.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ .....  
26.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
.....	.....

27.1 Amount of payments for legal expenses, if any? \$ .....  
27.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
.....	.....

28.1 Amount of payment for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 275,358  
28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or department of government during the period covered by this statement.

1	2
Name	Amount Paid
Rehabilitation Expense .....	..... 275,358

29. What officials or heads of departments of the reporting entity supervised the making of this report?  
Corporate Controller

30.1 Has any direct new business been solicited or written in any state where the reporting entity was not licensed? Yes[ ] No[X]  
30.2 If yes, explain:



FIVE-YEAR HISTORICAL DATA

	1 2001	2 2000	3 1999	4 1998	5 1997
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 23) .....	36,966,790	19,093,229	24,623,298	30,508,645	20,477,167
2. Total liabilities (Page 3, Line 18) .....	94,797,699	27,309,803	32,200,505	29,061,140	22,033,425
3. Statutory surplus .....	1,500,000	1,500,000	500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 26) .....	(57,830,908)	(8,216,575)	(7,577,207)	1,447,505	(1,556,258)
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 7) .....	192,967,093	172,691,287	129,051,143	149,478,246	159,080,952
6. Total medical and hospital expenses (Line 14) .....	225,930,249	159,637,873	119,046,908	129,122,620	148,101,799
7. Total administrative expenses (Line 18) .....	16,605,568	26,127,874	19,028,947	22,040,243	29,059,810
8. Net underwriting gain (loss) Line 21) .....	(50,462,416)	(13,606,583)	(9,024,712)	(1,684,617)	(18,080,657)
9. Net investment gain (loss) Line 24) .....	498,575	616,723	17,000		
10. Total other income (Lines 25 plus 26) .....					
11. Net income or (loss) Line 27) .....	(49,963,841)	(12,989,860)	(9,024,712)	(1,684,617)	(18,080,657)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	(57,830,908)	(8,216,575)	(7,577,207)	1,447,505	X X X
13. Authorized control level risk-based capital .....	8,058,399	6,325,105	2,540,780	2,127,740	X X X
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....	94,218	100,484	77,356	93,600	97,208
15. Total members months (Column 6, Line 7) .....	1,169,125	1,106,105	995,700	965,817	1,176,614
<b>OPERATING PERCENT (Page4)</b>					
<b>(Item divided by Page 4, Line2)</b>					
16. Premiums earned (Line 2) .....	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 14) .....	117.2	93.5			
18. Total underwriting deductions (Line 20) .....	126.3	109.1	0.9	0.9	0.9
19. Total underwriting gain (loss) (Line 21) .....	(26.2)	(8.0)			
<b>UNPAID CLAIMS ANALYSIS</b>					
<b>(U&amp;I Exhibit, 2B)</b>					
20. Total claims incurred for prior years (Line 11, Col. 5) .....	56,451,423	49,523,588	27,192,732	21,730,756	18,879,636
21. Estimated liability of unpaid claims-prior year (Line 11, Col. 6) ....	20,765,000	24,295,969	27,250,000	18,925,965	10,546,048

FIVE-YEAR HISTORICAL DATA (Continued)

		1 2001	2 2000	3 1999	4 1998	5 1997
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....					
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....					
26.	Affiliated mortgage loans on real estate .....					
27.	All other affiliated .....					
28.	Total of above Lines 22 to 27 .....					

SCHEDULE D - SUMMARY BY COUNTRY

Long-term Bonds and stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	1,154,215	1,192,767	1,154,215	1,138,000
	2.	Canada .....				
	3.	Other Countries .....				
	4.	Totals .....	1,154,215	1,192,767	1,154,215	1,138,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....				
	6.	Canada .....				
	7.	Other Countries .....				
	8.	Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....				
	10.	Canada .....				
	11.	Other Countries .....				
	12.	Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....				
	14.	Canada .....				
	15.	Other Countries .....				
	16.	Totals .....				
Public Utilities (unaffiliated)	17.	United States .....				
	18.	Canada .....				
	19.	Other Countries .....				
	20.	Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....				
	22.	Canada .....				
	23.	Other Countries .....				
	24.	Totals .....				
Parent, Subsidiaries and Affiliates	25.	Totals .....				
	26.	Total Bonds .....	1,154,215	1,192,767	1,154,215	1,138,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....				
	28.	Canada .....				
	29.	Other Countries .....				
	30.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....				
	32.	Canada .....				
	33.	Other Countries .....				
	34.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	35.	United States .....				
	36.	Canada .....				
	37.	Other Countries .....				
	38.	Totals .....				
Parent, Subsidiaries and Affiliates	39.	Totals .....				
	40.	Total Preferred Stocks .....				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....				
	42.	Canada .....				
	43.	Other Countries .....				
	44.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....				
	46.	Canada .....				
	47.	Other Countries .....				
	48.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	49.	United States .....				
	50.	Canada .....				
	51.	Other Countries .....				
	52.	Totals .....				
Parent, Subsidiaries and Affiliates	53.	Totals .....				
	54.	Total Common Stocks .....				
	55.	Total Stocks .....				
	56.	Total Bonds and Stocks .....	1,154,215	1,192,767	1,154,215	

(a) The aggregate value of bonds which are valued at other than actual market is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>1,082,274</u>	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	<u>503,701</u>	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....		6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....			
3.4 Column 10, Part 4.....		7. Book/adjusted carrying value at end of current period.....	<u>1,154,216</u>
4. Total gain (loss), Column 14, Part 4.....	<u>1,281</u>	8. Total valuation allowance.....	
5. Deduct consideration for bonds and stocks disposed of		9. Subtotal (Lines 7 plus 8).....	<u>1,154,216</u>
Column 6, Part 4.....	<u>433,040</u>	10. Total nonadmitted assets.....	
		11. Statement value of bonds and stocks, current period.....	<u>1,154,216</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURE  
PART 1 - ORGANIZATIONAL

NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only			
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6
State, Etc.					Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No	No				
2.	Alaska	AK	No	No				
3.	Arizona	AZ	No	No				
4.	Arkansas	AR	No	No				
5.	California	CA	No	No				
6.	Colorado	CO	No	No				
7.	Connecticut	CT	No	No				
8.	Delaware	DE	No	No				
9.	District of Columbia	DC	No	No				
10.	Florida	FL	No	No				
11.	Georgia	GA	No	No				
12.	Hawaii	HI	No	No				
13.	Idaho	ID	No	No				
14.	Illinois	IL	No	No				
15.	Indiana	IN	No	No				
16.	Iowa	IA	No	No				
17.	Kansas	KS	No	No				
18.	Kentucky	KY	No	No				
19.	Louisiana	LA	No	No				
20.	Maine	ME	No	No				
21.	Maryland	MD	No	No				
22.	Massachusetts	MA	No	No				
23.	Michigan	MI	No	Yes	44,248,030		142,367,773	6,103,786
24.	Minnesota	MN	No	No				
25.	Mississippi	MS	No	No				
26.	Missouri	MO	No	No				
27.	Montana	MT	No	No				
28.	Nebraska	NE	No	No				
29.	Nevada	NV	No	No				
30.	New Hampshire	NH	No	No				
31.	New Jersey	NJ	No	No				
32.	New Mexico	NM	No	No				
33.	New York	NY	No	No				
34.	North Carolina	NC	No	No				
35.	North Dakota	ND	No	No				
36.	Ohio	OH	No	No				
37.	Oklahoma	OK	No	No				
38.	Oregon	OR	No	No				
39.	Pennsylvania	PA	No	No				
40.	Rhode Island	RI	No	No				
41.	South Carolina	SC	No	No				
42.	South Dakota	SD	No	No				
43.	Tennessee	TN	No	No				
44.	Texas	TX	No	No				
45.	Utah	UT	No	No				
46.	Vermont	VT	No	No				
47.	Virginia	VA	No	No				
48.	Washington	WA	No	No				
49.	West Virginia	WV	No	No				
50.	Wisconsin	WI	No	No				
51.	Wyoming	WY	No	No				
52.	American Samoa	AS	No	No				
53.	Guam	GU	No	No				
54.	Puerto Rico	PR	No	No				
55.	U.S. Virgin Islands	VI	No	No				
56.	Canada	CN	No	No				
57.	Aggregate other alien	OT	X X X	X X X				
58.	TOTAL (Direct Business)		X X X	1	44,248,030		142,367,773	6,103,786
DETAILS OF WRITE-INS								
5701								
5702								
5703								
5798.	Summary of remaining write-ins for Line 57 from overflow page							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)							